

§ 29a.1

PART 29a—AUDIT REQUIREMENTS FOR STATE AND LOCAL GOVERNMENTS

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AUTHORITY: Single Audit Act of 1984, Pub. L. 98-502, (31 U.S.C. 7501, *et seq.*); OMB Circular A-128, Audits of State and Local Governments.

SOURCE: 50 FR 30419, July 26, 1985, unless otherwise noted. Redesignated at 56 FR 15993, Apr. 19, 1991.

§ 29a.1 Purpose.

Pursuant to the Single Audit Act of 1984, Pub. L. 98-502, this part established audit requirements for State and local governments that receive Federal aid, and defines Federal responsibilities for implementing and monitoring those requirements.

§ 29a.2 Background.

The Single Audit Act builds upon earlier efforts to improve audits of Federal aid programs. The Act requires State and local governments that receive \$100,000 or more a year in Federal funds to have an audit made for that year.

§ 29a.3 Policy.

The Single Audit Act requires the following:

(a) State or local governments that receive \$100,000 or more a year in Federal financial assistance shall have an audit made in accordance with this rule.

(b) State or local governments that receive between \$25,000 and \$100,000 a year shall have an audit made in ac-

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cordance with this part, or in accordance with Federal laws and regulations governing the programs they participate in.

(c) State or local governments that receive less than \$25,000 a year shall be exempt from compliance with the Act and Federal audit requirements. These State or local governments shall be governed by audit requirements prescribed by State or local law or regulation.

(d) Nothing in this paragraph exempts State or local governments from maintaining records of financial assistance or from providing access to such records to Federal agencies, as provided in Federal law or in Circular A-102, "Uniform requirements for grants to State or local governments."

§ 29a.4 Definitions.

For the purpose of this part, the following definitions from the Single Audit Act apply:

(a) *Cognizant agency* means the Federal agency assigned by the Office of Management and Budget to carry out the responsibilities described in paragraph 8a.10 of this rule.

(b) *Federal financial assistance* means assistance provided by the Department in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations, but does not include direct Federal cash assistance to individuals. It includes awards received directly from the Department, or directly through other units of State or local governments.

(c) *Federal agency* has the same meaning as the term 'agency' in Section 551(1) of Title 5, United States Code.

(d) *Generally accepted accounting principles* has the meaning specified in the generally accepted government auditing standards.

(e) *Generally accepted government auditing standards* means the *Standards For Audit of Government Organizations, Programs, Activities, and Functions*, developed by the Comptroller General, dated February 27, 1981.

(f) *Independent auditor* means:

(1) A State or local government auditor who meets the independence standards specified in generally accepted government auditing standards; or